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RUEHGL/AMCONSUL GUAYAQUIL 3955  
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C O N F I D E N T I A L QUITO 001126

SIPDIS

USTR FOR BENNETT HARMAN

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TAGS: [ETRD](#) [ECON](#) [PREL](#) [PGOV](#) [EC](#)  
SUBJECT: CAN-EU TALKS - ECUADOR WILL NEGOTIATE BILATERALLY

REF: A. QUITO 1020  
[1](#)B. QUITO 787

Classified By: Charge d, Affaires Andrew Chritton, Reasons 1.4(b) and (d)  
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[1](#)1. (U) Summary. Following the breakup of association agreement talks between the Andean Community (CAN) and the EU, Foreign Minister Salvador announced that Ecuador would negotiate bilaterally with the EU, following Colombia and Peru. President Correa criticized the announcement, but evidently backed down after being briefed by the Foreign Ministry. Ecuador said that it hopes to close negotiations with the EU in June 2009. End Summary.

[1](#)2. (SBU) Attempts to reconcile positions among CAN members on the EU-CAN association agreement October 14 were unsuccessful (ref A), and Colombia and Peru decided to negotiate agreements bilaterally with the EU. The week of November 10, Foreign Minister Maria Isabel Salvador announced that Ecuador would also negotiate bilaterally with the EU. However, on November 15, President Correa criticized the Foreign Minister in his weekly radio address for announcing plans to pursue a bilateral agreement, saying that Ecuador was "not interested in either bilateral negotiations or an FTA with the EU." He also denounced Peru and Colombia for breaking the CAN's internal agreement to negotiate as a bloc.

[1](#)3. (U) On November 19, Vice Minister for Trade Eduardo Egas briefed Correa on the GOE's policy for engaging with the EU. On November 22, Egas announced in a press interview that Ecuador would indeed negotiate bilaterally with the EU, although it would negotiate the political dialogue and cooperation pillars of its agreement as a bloc with the CAN (political dialogue and cooperation are two of the three pillars of an EU association agreement, the third being trade). Egas said that he hoped to close negotiations in June 2009. He explained that Correa had had only partial information when he criticized the MFA announcement during his Saturday radio address. Egas explained that the Foreign Minister had said that the GOE would negotiate the political dialogue pillar along with Colombia and Peru but would seek a "separate commercial proposal." Egas explained that Correa interpreted her statement to mean a separate commercial FTA with the EU, which he opposed.

[1](#)4. (C) Comment: Foreign Ministry officials clearly believed that they had Correa's approval to proceed with a bilateral trade agreement with the EU (ref B), and proceeded with their announcement based on that understanding. However, Correa did not fully understand the announcement, and rather than seek clarification from the Foreign Ministry, he blasted them over the radio, causing confusion within Ecuador, with its

neighbors and its erstwhile negotiating partner. This latest episode demonstrates once again that policy-making in the Correa administration is an erratic process.

CHRITTON